

Agenda

Thursday 9 November 2023, 9.30am
Audit Scotland offices, 102 West Port,
Edinburgh, and online via Microsoft Teams
504th meeting of the Accounts Commission

1. **Apologies for absence**
 2. **Declaration of connections**
 3. **Order of business**
The Chair seeks approval of business, including proposing taking items 8 to 16 in private for the reasons set out on the agenda.
-

Business requiring decisions in public

4. **Minutes of meeting of 12 October 2023** Secretary
 5. **Best Value in Dundee City Council** Controller of Audit
-

Business for information in public

6. **Secretary's update report** Secretary
-

Any other public business

7. **Any other public business** Chair
The Chair will advise if there is any other public business to be considered by the Commission.
-

Business for information in private

8. **Chair's update report** Chair
 9. **Controller of Audit's update report** Controller of Audit
-

Business requiring decisions in private

10. **Best Value in Dundee City Council** Controller of Audit
[Item to be taken in private as it requires the Commission to consider confidential policy matters.]

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|--|---------------------------------|
| 11. Emerging Messages – Digital Exclusion Performance Audit
[Item to be taken in private as it requires the Commission to consider confidential policy matters.] | Executive Director of PABV |
| 12. Strategy and work programme: Six-monthly impact report
[Item to be taken in private as it requires the Commission to consider confidential policy matters.] | Executive Director of PABV |
| 13. New Strategic Priorities and updates to Strategy
[Item to be taken in private as it requires the Commission to consider confidential policy matters.] | Secretary |
| 14. Service User Engagement
[Item to be taken in private as it requires the Commission to consider confidential policy matters.] | Executive Director of PABV |
| 15. Partnership Working Framework
[Item to be taken in private as it requires the Commission to consider confidential policy matters.] | Chair & Chief Operating Officer |

Any other private business

16. Any other private business

[Item may be required if there are any confidential matters that require to be discussed out with the public domain. The Chair will inform the meeting in public at the start of the meeting if this item is required and what it covers.]

Minutes and matters arising from previous meeting

Secretary to the Accounts Commission

Item 4
Meeting date: 9 November 2023

Purpose

1. This paper presents for the Commission's approval the draft minutes of the previous meeting of the Commission along with a summary of matters arising from those minutes.

Recommendations

2. The Commission is asked to:
 - Approve the attached draft minute of its previous meeting.
 - Consider any matters arising from the draft minute.

Minutes

3. The minute of the previous meeting is in Appendix 1.
4. Members should note that the action tracker – available on the member SharePoint site and provided to members monthly – provides updates on progress from previous meetings.

Minutes

Thursday 12 October 2023, 9.30am

Audit Scotland offices, 102 West Port, Edinburgh, and
online via Microsoft Teams

503rd meeting of the Accounts Commission

Present:

Ronnie Hinds (Interim Chair)
Malcolm Bell
Nichola Brown
Andrew Burns
Andrew Cowie
Jennifer Henderson
Christine Lester
Angela Leitch
Ruth MacLeod
Mike Neilson
Derek Yule

In attendance:

Helena Gray, Controller of Audit
Allan Campbell, Secretary to the Accounts Commission
Fiona Mitchell Knight, Audit Director (items 5 and 12)
Andrew Kerr, Senior Audit Manager, Audit Services (items 5 and 12)
Corrinne Forsyth, Audit Manager, Performance Audit and Best Value (items 5 and 12)
Joe Chapman, Policy Manager (item 6)
Sarah Gadsden, Chief Executive Improvement Service (item 6)
Councillor Shona Morrison, Chair, Improvement Service (item 6)
Stephen Boyle, Auditor General for Scotland (item 9)
Antony Clark, Executive Director of Performance Audit and Best Value (items 6 and 13)
Lucy Jones, Audit Manager, Performance Audit and Best Value (item 13)
Blyth Deans, Senior Manager, Performance Audit and Best Value (item 13)
Joanna Mansell, Communications Adviser (item 13)
Lorna Munro, Senior Auditor, Performance Audit and Best Value (item 13)
Andrew Dixon, Audit Officer, Performance Audit and Best Value (item 13)
Vicki Bibby, Chief Operating Officer (item 14)
Stuart Dennis, Corporate Finance Manager (item 14)

1. Apologies for absence

It was noted that apologies for absence had been received from Carol Evans.

2. Declaration of connections

The following declarations of connection were noted:

- Malcolm Bell, in relation to item 6, as a previous Board member of the Improvement Service. His past role was not a sufficiently material connection to the subject matter under discussion.

3. Order of business

It was agreed that the following items be considered in private:

- Items 9 to 15, as they required the Commission to consider confidential policy matters.

4. Minutes of meeting of 13 September 2023

The Commission considered a report by the Secretary presenting the minutes of the meeting of 13 September 2023, including a summary of business arising from the minutes.

With no further comments, the minutes of the meeting were approved as a correct record.

5. Best Value in South Ayrshire Council

The Commission considered a report by the Controller of Audit on Best Value in South Ayrshire Council.

During discussion,

- The Controller of Audit introduced the paper, highlighting that the pace of improvement in the Council has been slow. It was acknowledged that a new executive structure has been agreed and implemented and that there is a strong need to improve the Council's self-evaluation and performance reporting. However, in relation to many aspects of the Council's response to the recommendations in the previous Best Value report, and regarding many of the issues raised by Commission members, it was stated that it was too early to make firm judgements as the Council's work is still ongoing or at an early stage.
- It was recognised that the Council has medium-term and long-term financial strategies which are kept under regular review, and a record of achieving balanced budgets and savings targets. The Controller of Audit and the audit team emphasised that the transformation programme is just one part of the Council's response to financial challenges, alongside rationalisation of its estate, investment in tourism, collaboration with local partners through the Ayrshire Growth Deal, and use of financial flexibilities to spread required costs and savings.
- The audit team confirmed that the Council had yet to set out the expected cashable benefits for all of the 14 projects that remained in the transformation programme – partly due to staff absences – with the business case for 1 project due early in the new year but updates still awaited for all others. The audit team also explained the rationale and progress of the senior management restructure, which is now complete with the appointment of the new Chief Executive this month. It was created in response to a recommendation in the 2021 Best Value Assurance Report on the capacity and skills required to increase its pace of improvement.
- A number of concerns were discussed regarding the Council's performance reporting. The audit team confirmed that the Council had agreed to the related recommendations in the previous Best Value report, albeit they decided not to implement targets retrospectively but to focus on introducing them going forward. Regarding timescales for improvements to self-evaluation and public reporting, the Controller of Audit confirmed these are underway and will be an area where the audit team will continue to monitor progress.

After discussion, the Commission agreed to consider in private how to respond to the report.

6. Strategic Alliance with Improvement Service: annual review

The Commission considered a report by the Policy Manager on the annual review of the Strategic Alliance between the Accounts Commission and the Improvement Service (IS).

During discussion,

- Sarah Gadsden, Chief Executive of IS, provided an update on the IS Board's consideration and endorsement of the content of the review, as well as about ongoing work in relation to the Local Government Benchmarking Framework (LGBF), and the joint programme of work between the IS and SOLACE supporting local government transformation, linked to their joint report on 'Delivering a future for Scottish local authorities: the challenges they face, the questions that need asking and a model for the future'.
- The relationship between the Strategic Alliance and the forthcoming development of the Commission's 2024 Statutory Performance Information (SPI) Direction was highlighted, including a need to consider the underlying purpose of the Direction in the context of the Verity House Agreement and what role it can play in supporting improvement – members agreed there is scope for a more assertive and proactive approach to the use of the LGBF. A need to boost the profile of the Alliance among stakeholders was also discussed.
- It was suggested that the Commission and IS could work together to produce a plan of actions to take forward the general direction indicated in the review paper. A co-hosted roundtable event on public service reform and transformation was suggested as a possible addition to the proposed programme of joint work alongside the joint webinars on performance management and the Commission's recently published Best Value legacy report which are already planned. It was noted that a joint output could result from the potential joint event on public service reform as has been done in the past.

Action – Secretary to the Commission & Executive Director of PABV

Following discussion:

- The Commission agreed the recommendations in the report.
- It was agreed that the Joint Statement of Intent would be reviewed and if necessary updated, prior to being re-signed by the current Chair of the IS Board and incoming Chair of the Commission.
- It was agreed that Ronnie Hinds would attend an IS Board meeting before the end of his term as Interim Chair, alongside another Commission member.

Action – Commission Support Team

7. Secretary's update report

The Commission considered a report by the Secretary to the Accounts Commission providing an update on significant recent activity relating to local government.

During discussion,

- Christine Lester updated members on her recent attendance at the Public Audit Committee (PAC) regarding the Adult Mental Health joint report with the Auditor General for Scotland. It was agreed the Commission should discuss further how it is represented at the PAC and who should attend for future joint reports.

Action – Secretary to the Commission

- It was advised that the Commission Support Team also monitors UK Government consultations for any matters that may be relevant to, or have implications for, local government in Scotland.

Following discussion:

- It was agreed that the Commission should formally respond to the Healthcare in Remote and Rural Areas consultation referred to in paragraph 39.3, and that the Executive Director of Performance Audit and Best Value (PABV) should consider whether to respond to the other consultations and draft responses as appropriate.
- The draft response to the ‘Democracy Matters’ consultation will be shared with members via correspondence.

Action – Secretary to the Commission

8. Any other public business

The Chair, having advised that there was no business for this item, closed the public part of the meeting.

9. Auditor General for Scotland update

The Commission considered a verbal update by the Auditor General for Scotland (AGS) on recent and upcoming activity.

During discussion, the AGS:

- Congratulated the four newly appointed Accounts Commission members.
- Welcomed the collective agreement of the renewal of the Public Audit in Scotland model by the Audit Scotland Board, AGS and the Accounts Commission, and highlighted the strength of the model, of which there is no comparable equivalent elsewhere in the UK. It was also highlighted that the respective bodies’ priorities are broadly aligned.
- Referred to the upcoming discussion on the Partnership Working Framework, emphasising that partnership working is already evident through joint reporting and the joint work programme. The AGS shared very positive feedback received from the Convener of the Public Audit Committee in relation to the Adult Mental Health audit and stated that this and the Early Learning and Childcare are already having an impact.
- Updated the Commission on the external environment including post-Brexit and post-Covid recovery. The AGS advised ‘*Sustainability of Services*’ will be the theme for the next 24-month period of AGS reports. It was agreed there has not been evidence of a long-term plan to deliver savings across the next decade.
- Discussed the evolution of Best Value and how the new round of Controller of Audit reports demonstrate the flexibility and adaptability of the new Best Value approach. The AGS also reflected on consideration of his own powers in relation to Best Value, alongside use of the annual audit reports in the sectors that he reports on.

- Advised the challenges with audit delivery in other areas of the UK, highlighting that the Scottish results are positive in comparison. It was advised the audit market is under pressure and could potentially be evident in the next audit appointment round.
- Agreed together with the Commission that the Verity House Agreement provides an opportunity for decisions to be made where they can make maximum difference.

Following discussion, the Commission:

- Agreed that it is positive to reflect on the successes of the Best Value programme, however noted there must be continuous and sustained progress.
- Noted the challenges for the public in understanding public sector accounts.

10. Chair's update report

The Commission considered a report by the Chair providing an update on recent and upcoming activity.

Following discussion, the Commission:

- Noted the report.

11. Controller of Audit's update report

The Commission considered a report by the Controller of Audit providing an update on recent and upcoming activity.

During discussion,

- The Controller of Audit discussed the content of the COSLA (Convention of Scottish Local Authorities) and SOLACE (Society of Local Authority Chief Executives) conferences.

Following discussion:

- Members noted the report.
- In relation to the COSLA and SOLACE conferences, it was agreed to evaluate if the Accounts Commission should have a presence at future conferences.
- In relation to paragraph 11, the Controller of Audit noted that information on debt levels is collated as part of the work to develop the Local Government financial bulletin.

12. Best Value in South Ayrshire Council

The Commission considered its response to the report by the Controller of Audit on Best Value in South Ayrshire Council.

Following discussion, the Commission agreed to make findings to be published on 2 November 2023; those findings would be delegated to the Interim Chair and the Secretary on behalf of the Commission for development and final sign off.

Action: Interim Chair and Secretary to the Commission

It was agreed that the findings would reflect the following general points:

- Recognising the Council's effective financial management including delivering balanced budgets, meeting savings targets, and maintaining medium- and long-term financial strategies, while underlining the decisive action needed to continue to ensure sound finances and good public services.
- Acknowledging some progress since the last Best Value report but expressing concern around the pace of progress, including with the transformation programme and development of a corporate approach to self-evaluation.
- Expressing particular concerns around performance management and performance reporting within the Council, and to the public as required by the Commission's Statutory Performance Information direction.
- Recognising the intent behind the new senior management structure, to ensure sufficient leadership capacity, but emphasising that the new team needs to now deliver at pace.

13. Proposed new approach to future local government overview reporting

The Commission considered a paper by the Executive Director of PABV on a proposed new approach to future local government overview reporting.

During discussion,

- The Executive Director of PABV acknowledged the Controller of Audit's concern about the proposed timing of the national Best Value thematic report but indicated that the audit team and he were confident that with careful handling these risks could be mitigated effectively.
- The Executive Director of PABV confirmed that sufficient resources were available to deliver the proposed wider range of LGO reporting work set out in the paper but that there would be an opportunity cost to agreeing these proposals as this would give the Commission less flexibility in future in relation to other elements of the dynamic work programme. It was noted that the Commission may want to consider the impact of any decisions it made today as part of the work programme stocktake review report in December.
- In response to a query about the choice of homelessness as the first service spotlight focus in 2024 despite this not being as significant an issue for some councils compared to others, it was explained that this topic had been highlighted by local government stakeholders as a significant cross-cutting challenge across the sector. It was noted that the proposed spotlight work would look at management of homelessness as a partnership process rather focusing solely on specific local government homelessness services.
- Regarding potential overlap with the Local Government Benchmarking Framework, it was explained that the intention is to provide independent Commission commentary on key messages arising from the LGBF and other data linked to the Commission's key priority areas of interest which complements but does not duplicate the separate IS/SOLACE national LGBF reporting.

- The Commission noted the need to think flexibly about how sponsors are allocated to the various pieces of work linked to the new enhanced multi-faceted approach to local government overview reporting. One option put forward was of having a pool of sponsors to draw on in this area.

Following discussion, the Commission

- Endorsed the new strategic approach to future local government overview reporting as outlined in the paper.
- Approved the proposed scope of work and governance arrangements for the new programme of work as described in appendices 2 and 3 of the report, with consideration to be given to the role of the Committees.
- Noted that the introduction of the new approach will require a transitional period and further updates on implementation will be brought to a future Commission meeting.
- Agreed to review the new approach to local government overview reporting after 2 years.

14. 2024/25 Budget Proposals

The Commission considered an update by the Chief Operating Officer on the 2024/25 Budget Proposals.

During discussion,

- Vicki Bibby advised there had been prior engagement with Ronnie Hinds, Andrew Burns and Jennifer Henderson, and provided a summary of the Accounts Commission budget, outlined in the report. It was agreed that the budget line for livestreaming should be removed following the success of the October meeting.
- Vicki Bibby advised that, at the time of the meeting, the current pay offer had not been accepted by the PCS union and represented the largest budgetary risk.
- It was advised that the Estate Strategy would deliver savings whilst increasing office capacity in Glasgow, where office utilisation is higher than Edinburgh, for which negotiations on the office configuration are in progress.
- Commission members agreed that the presentation of Audit Scotland's budget to the Scottish Commission for Public Audit will be crucial in explaining any additional resource requests.

Following discussion, the Commission

- Noted the report.
- Agreed to remove the budgetary line for livestreaming following testing of the new AV equipment in EH1 & EH2.

15. Any other private business

The Chair, having advised that there was no further business for this item, closed the meeting.

16. Close of meeting

The meeting closed at 1.30 pm.

Purpose

1. This report introduces the Controller of Audit's report on Best Value in Dundee City Council for the Commission's consideration, alongside the associated publication arrangements.

Recommendations

2. The Commission is invited to:
 - Consider the Controller of Audit's report.
 - Approve the proposed publication arrangements.
 - Decide how it wishes to proceed.

Background

3. The report draws the Commission's attention to the findings set out in Dundee City Council's 2022/23 Annual Audit Report (AAR) on how effectively the council demonstrates Best Value through continuous improvement in how it delivers its strategic priorities.
4. Best Value audit work is now fully integrated into annual financial audit work to increase its impact and efficiency and reduce the scrutiny burden on councils. Best Value work is reported in AARs and also includes follow-up and thematic Best Value work, providing judgements on the pace and depth of continuous improvements and service performance. This work provides the Commission with the opportunity to offer a national overview of key aspects of Best Value, as well as supporting accountability and improvement within individual councils to generate greater impact from the Best Value audit work.
5. The theme chosen by the Commission for its annual Best Value thematic work for 2022/23 was Leadership of the development of new strategic priorities. The Commission intends to publish a national thematic report on leadership of strategic priorities, drawing on the findings of Best Value thematic work across all 32 councils, in 2024.
6. At least once during the current five-year audit appointment the Controller of Audit is required to report to the Commission on Best Value in each council. These reports are based on the Best Value audit findings reported in AARs. They replace the Best Value Assurance Reports that were published on all councils between 2017-22.
7. The Best Value thematic work at Dundee City Council was presented as a management report to its City Governance Committee on 25th September. Findings from the BV thematic report are included in the AAR. The appointed auditor is responsible for preparing the AAR and presenting it to those charged with governance at the council. The AAR for Dundee City Council was presented to its Scrutiny Committee on 25 October 2023.

The Controller of Audit's report

8. This report is made by the Controller of Audit to the Commission under section 102(1) of the Local Government (Scotland) Act 1973 (as amended by subsequent legislation including the Local Government in Scotland Act 2003).
9. The legislation enables the Controller of Audit to make reports to the Commission with respect to:
 - The accounts of local authorities audited under the Act;
 - Any matters arising from the accounts of any of those authorities or from the auditing of those accounts being matters that the Controller considers should be considered by the local authority or brought to the attention of the public; and
 - The performance by a local authority of their statutory duties in relation to best value and community planning.
10. The Controller of Audit Report was sent to Dundee City Council on 1 November, the same date it was issued to the Commission. The council has been advised that it is obliged to supply a copy of the report and the AAR on which it is based to each member of the council and to make additional copies available for public inspection. Once the Controller of Audit's report is sent to the council it is effectively in the public domain.

Procedure

11. The legislation provides that, on receipt of a Controller of Audit report, the Commission may do, in any order, all or any of the following, or none of them:
 - direct the Controller of Audit to carry out further investigations
 - hold a hearing
 - state its findings.
12. Findings may include recommendations and the persons to whom those recommendations may be made include Scottish Ministers, who have powers to make an enforcement direction requiring an authority to take such action as is specified in the direction.
13. Members of the audit team will be present at the Commission's meeting and will be available to answer questions on the evidence and judgements presented in the AAR, with a focus on Best Value. This is done in the public part of the Commission meeting.
14. The Commission is then expected to consider in private how it wishes to proceed. Subsequently, the Commission is obliged by statute to inform Dundee City Council of its decision on the same day as the Accounts Commission meeting which the Commission does before making the decision public.
15. The Commission asks the council for a meeting, preferably in the period between the Commission publishing findings and the council considering them, to do the following:
 - for Commission members to hear what the council thinks of their findings

- to discuss what the council will do with the findings
- to confirm any next steps
- to review the audit process.

16. The council is required by statute to do the following:

- consider the findings of the Commission within three months of receiving them
- publish in a newspaper circulating in the local area a notice stating the time and place of the meeting, indicating that it is to be held to consider the findings of the Commission and describing the nature of those findings (at least seven clear days before the meeting)
- after the council has met:
 - notify the Commission of any decisions made
 - publish in a newspaper circulating in the local area a notice containing a summary, approved by the Commission, of the Council's decision.

Publication arrangements

17. The main communications outputs for each of the new Best Value reports currently include:

- Short animation – key messages for local communities from the annual audit report
- News release – based on the Account Commission's findings, including a quote from the Chair of the Accounts Commission
- Social media – detailed list of key groups to tag within each council area, including community councils, tenant groups, third sector and local third sector interfaces.

18. In addition, we will carry out the following communications and engagement:

- Local media – advance engagement with local media about the report to increase the potential for interviews
- Local third sector interface – share messages, animation and images with each of the local third sector interfaces, provide support to share across their wide-ranging contact groups
- Ongoing engagement with the local council.

19. The main audiences for our communications are:

- Council and council staff
- Local communities
- Third sector groups

- Local and specialist media
- COSLA and the Improvement Service
- Other councils – to share best practice.

20. Alongside reviewing the impact of our specific communications activity for each report, we will carry out a comparative review of our communications after four Best Value reports have been published.

Conclusion

21. The Commission is invited to:

- consider the Controller of Audit's statutory report on Best Value in Dundee City Council
- approve the proposed publication arrangements
- decide in private how it wishes to proceed.

Best Value in Dundee City Council

ACCOUNTS COMMISSION 

Prepared by the Controller of Audit
November 2023

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Controller of Audit Report

1. This report is made by the Controller of Audit to the Commission under Section 102(1) of the amended Local Government (Scotland) Act 1973.
2. This report draws the Commission's attention to the findings set out in the [2022/23 Annual Audit Report \(AAR\) \(Appendix 1\)](#), including the [Best Value thematic report](#), on how effectively Dundee City Council demonstrates Best Value ([Appendix 2](#)) through continuous improvement in how it delivers its strategic priorities. It reflects the new audit approach to Best Value whereby it is fully integrated with the annual audit at each Council and includes detailed work each year focusing on a national theme.
3. The Best Value Assurance Report (BVAR) September 2020 noted that the council had demonstrated a steady pace of improvement since the last Best Value audit in 2010. Since then the council has continued to make progress and has implemented all of the BVAR recommendations.
4. The Chief Executive and leadership team have worked together with elected members to provide effective leadership for the Council over the last 3 years. The overall vision of the Council remains clear. The Council Plan has been revised, in consultation with citizens, community planning partners and staff, and sets out the Council's priorities. Strategic service plans are being updated. The Council had a good communication strategy to raise awareness of the new Plan and clearly set out how the Council Plan links to other key strategies and plans.
5. The Council has an established performance framework which aligns with the Council Plan and its priorities. The Council's first Annual Performance Report on the new plan was issued in June 2023 and presented a fair and balanced assessment of performance. Performance is reported internally, and a clear and accessible summary is available on the Council website. The Council has demonstrated good compliance with the [Statutory Performance Information Direction](#), with clear and focused improvement targets on council priorities, and balanced reporting with easily accessible reports on its website.
6. The council uses the Public Service Improvement Framework on a risk-based approach to drive improvement in specific performance areas. Over the last two years the Council's focus has been on revising its plans and it recognises that self-evaluation exercises have been limited during this time. The Council is reviewing its Performance Management Framework, which it has committed to do by Spring 2024, and will set out its updated approach to self-assessment and improvement.
7. In June 2023, the council reported mixed progress against its first year of the new Council Plan. Performance compared to other councils has improved overall with 41 per cent of indicators in the top two quartiles in 2021/22, but, despite relative improvements, educational attainment measures have remained in the bottom quartile.

8. Community empowerment is strongly reflected within the Council Plan. While the Council has historically progressed community asset transfers, no community asset transfers were completed during 2021/22 or 2022/23. The Council has though supported community groups and charities to take on responsibility for operating council owned assets for the benefit of local residents. **The Council should consider what more can be done to encourage and support increased community ownership.**

9. The Council has a strong focus on community engagement and is working with community groups to support residents struggling with rising living costs and has some good examples of this work. **The council is not yet achieving its participatory budgeting one per cent target and should identify further areas where participatory budgeting can be used effectively.**

10. The new Council Plan and the Community Partnership Plan (City Plan) were both revised in 2022 and share a common vision for the city of Dundee. The Council and its partners know that they need to do more to tackle the high levels of child poverty across the city. Inequality is a clear focus of the City Plan. Local Fairness Initiatives exist to address persistent and enduring issues with inequality, and the Council is working with the DWP and Scottish Government on a child poverty pathfinder project. Dundee is making good progress, with further activity planned to the end of 2024/25. The Dundee Partnership continues to work to address drug deaths. Recent data demonstrates some improvement in this area.

11. The Council has several plans and strategies that are focused on tackling climate change and reaching net zero by 2045. The Council and partners have formed a Climate Leadership Group to coordinate and collaborate on the City's Climate Action Plan. The Council is due to publish a Net Zero Transition plan in 2023 which will outline the Council's organisational approach to emissions reduction. The Capital Plan includes £96 million of projects to help tackle climate change and reach Net Zero.

12. Future financial plans show a cumulative funding gap of £38 million for the period 2024-27. **The Council's long term financial strategy needs to be updated to show how resources will be targeted towards priority areas over the next 10 years.**

13. The Council has reported savings of over £147 million through its transformational programme since 2008. The Council is embarking on the sixth phase of its transformational programme, which is now integrated within the Council Plan as part of the 'Design A Modern Council' priority. This focuses on property rationalisation, digital service provision, service re-design, shared services and payments and income generation. Officers are currently working up realistic estimates of the savings that can be achieved on the various projects within the transformation programme, which will feed in to future budgets and longer-term financial plans.

14. The Council's capital programme is aligned with the priorities in the Council Plan. However, the Council has reported slippage of 46 per cent against its 2022/23 capital plan. The Council also reported high levels of slippage against its capital programme in 2020/21 and 2021/22. While some of this was Covid

related, some represents over optimism in the capital plan, and the overall level of year-on-year slippage in the capital programme needs to be managed.

Management should continue to monitor the affordability and deliverability of the 5-year capital plan and clearly report to members on emerging overspends, or slippage against key milestones and completion dates.

15. The Council has appropriate and effective governance arrangements in place and operates in an open and transparent manner. The Council has approved a new committee structure to better reflect priorities.

16. Services were often slow to respond to draft internal audit reports during 2022/23. This led to delays in actions to address recommendations for improvement being agreed, and the reports being issued for consideration by elected members. **Management should ensure that draft internal reports are cleared and reported in a timely manner so that recommendations for improvement can also be actioned within an appropriate timescale.**

17. A Strategic Workforce Plan 2023-2028, which sets out the workforce transformation and planning required at a corporate level, was approved in July 2023. A Strategic Asset Management Plan and Digital Strategy are also in place.

18. I look forward to seeing the progress the council makes in taking forward the recommendations from the Best Value thematic report and the recommendations from the annual audit, outlined in Appendix 1 of the AAR, in due course.

Appendix 1: 2022/23 Annual Audit Report

2022/23 Annual Audit Report

This report summarises the findings from the 2022/23 annual audit of Dundee City Council.

This Annual Audit Report comprises:

- significant matters arising from the audit of the council's Annual Accounts.
- conclusions on the council's performance in meeting its Best Value duties.
- conclusions on the following wider scope areas that frame public audit as set out in the Code of Audit Practice 2021:
 - Financial management
 - Financial sustainability
 - Vision, leadership and governance
 - Use of resources to improve outcomes.

Appendix 2: Best Value

[The Local Government in Scotland Act 2003](#) introduced a statutory framework for Best Value for local authorities. The Best Value duties set out in the Act are:

- to make arrangements to secure continuous improvement in performance (while maintaining an appropriate balance between quality and cost); and, in making those arrangements and securing that balance, to have regard to economy, efficiency, effectiveness, the equal opportunities requirement and to contribute to the achievement of sustainable development
- to achieve break-even trading accounts, subject to mandatory disclosure
- to observe proper accounting practices
- to make arrangements for the reporting to the public of the outcome of the performance of functions.

Best Value in Dundee City Council

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Purpose

1. The purpose of this report is to provide an update to the Commission on significant recent activity relating to local government.
2. The Commission receives regular information to complement this report, which is available through the [members' SharePoint site](#). This includes:
 - The Controller of Audit report to the Commission, updating the Commission on her activity. This is intended to complement this Secretary's update report.
 - An update on issues relating to local government which is considered by the Commission's Financial Audit and Assurance Committee.
 - A weekly news coverage briefing provided to the Commission by Audit Scotland's Communication Team, now supplemented with a summary of parliamentary activity from the Commission Support Team.

Recommendations

3. The Commission is invited to:
 - Note this report and consider any implications for its work programme.
 - Agree to the proposed actions with regard to the Commission responding to the consultations highlighted at the end of this report.

Commission business and recent publications

4. Monthly updates on the activities of both the Chair and Controller of Audit are standing items on the Commission's agenda.
5. Details of recent [publications](#) and [blogs](#) is available online. In the coming months, a new communications schedule will be developed providing information on future publications and activities, including indicative roles for members in promotion and engagement.
6. This report usually lists the publications issued by the Commission since the previous month's report, with initial figures for the number of downloads or page views. However, there are no new publications to include this month.
7. In addition, quarterly and annual download statistics for relevant Accounts Commission publications are provided to supplement the regular monthly statistics. Due to the timing of forthcoming meetings, the next quarterly figures will be provided in the February report.

Issues affecting Scottish local government

Scottish Government

8. The Scottish Government issued the following general announcements and publications during October:
- 8.1. The First Minister announced plans for a [council tax freeze](#), designed to support people struggling with the effects of high inflation and said to be in response to consultation “on what level the council tax should be next year”. The Scottish Government has said the freeze will be fully funded, but details of this are subject to ongoing negotiation as part of the 2024-25 budget process. Background information relating to the Council Tax freeze is provided in the Appendix at the end of this report.
 - 8.2. Later in October, the Scottish Government published an [analysis of responses](#) to a recent consultation on council tax for second and empty homes and thresholds for non-domestic rates. The findings were as follows:
 - 8.2.1. 55% of respondents said councils should be able to charge a premium for second homes; this figure rose to 89% among organisations that answered.
 - 8.2.2. Reasons for and against the measure broadly concerned the impact of second homes on housing supply and on a perceived unfairness towards those who had bought a second home before this premium existed.
 - 8.2.3. 60% thought councils should have discretion to charge more than a 100% premium on council tax for homes that are empty for more than 12 months, with the most frequently chosen option being a maximum of 300%.
 - 8.2.4. 53% supported a change in letting thresholds for self-catering accommodation to qualify for non-domestic rates, with most of those wishing to see increases to the existing thresholds.
 - 8.2.5. These responses were typically linked to a view that thresholds should be set to ensure that a greater proportion of self-catering properties pay Council Tax, and concerns that self-catering accommodation can exacerbate housing shortages and negatively impact local communities and economies.

This consultation ran from April to July 2023; it was separate from the ‘Fairer Council Tax’ consultation regarding charges for properties in Bands E to H, which ran from July to September 2023.

Policy areas

9. The following announcements and publications were made during October.

10. Health and Social Care:

- 10.1. The [Scottish Government and COSLA joint Winter Plan](#) setting out seven priorities for winter planning, including: enabling care at home; a focus on recruitment, retention and wellbeing of staff; and maximising capacity to meet demand. These priorities are driven by three principles: right care, right time, right place; a partnership approach across the whole system; and local and national actions that work. The launch of the Plan included announcement of a £50 million funding boost for Scottish Ambulance Service (SAS) recruitment and up to £12 million to expand Hospital at Home.

- 10.2. [Annual funding of £100 million](#)** for the NHS to help reduce inpatient and day-case waiting lists by an estimated 100,000 patients over three years. This recurring annual funding running to the end of this Parliamentary session is, however, subject to the outcome of the Scottish Budget process.
- 10.3. [Funding for eight projects supporting people with neurological conditions](#).** The projects are to receive a total of almost £440,000 to enable them to enhance and expand the services they provide. This funding is the fourth round of awards made as part of a five-year action plan to improve support for people living with neurological conditions.
- 10.4. [Value Based Health and Care Action Plan](#):** setting out the actions to support health and care colleagues to practise Realistic Medicine and deliver value-based health and care, by focusing on outcomes that matter to people, optimising use of health and care resources, and contributing to a more sustainable health and care system.

11. Social Security and Communities:

- 11.1. [Funding for The Promise](#):** 42 organisations across Scotland will benefit from £4 million funding to deliver projects that will help children, young people and families in the care system. The second round of The Promise Partnership Fund will be split across third sector and public organisations that prioritise work to:
- Build supportive workforces that can provide unique support for young people and families in the care system to thrive.
 - Create school structures that provide support, opportunities and a sense of belonging.
 - Enhance youth justice and rights to reduce and prevent the criminalisation of children and young people with care experience.
- 11.2. [Bairns' Hoose test sites](#):** Announcement of six locations that will become home to Scotland's first Bairns' Hoose test sites. Supported by £6 million of funding, multi-agency partnerships in Fife, North Strathclyde, Aberdeenshire, Aberdeen City, Tayside and the Outer Hebrides will set up pathfinders to provide coordinated comprehensive support for children and young people in the justice system.
- 11.3. [Payment for care leavers](#):** Young people transitioning from the care system into adulthood are to receive a one-off Care Leaver Payment of £2,000 to support them to move into more independent living. The proposed payment will be co-designed with care experienced people to ensure it meets their needs and helps reduce some of the financial challenges they face.

12. Other policy areas:

- 12.1. [Rural & Islands Housing Action Plan](#):** the Plan sets out actions so that people in rural and island areas have access to high quality, affordable housing. It's part of the Scottish Government's commitment to deliver 110,000 affordable homes by 2032, of which 10% will be in rural and island areas.
- 12.2. [Centre of Teaching Excellence](#):** Part of ongoing work to reform Scotland's education system, the Centre, which will be developed in partnership with teachers and professional associations, will support research and innovation in teaching practice for all children and young people.

COSLA

13. COSLA issued the following publications and announcements during September:

- 13.1.** [Statement following Council Tax freeze announcement](#) confirming the announcement was made without any discussion with local government leaders or COSLA and that there was absolutely no agreement to freeze Council Tax next year, a decision which COSLA said can only be made by Councils. Background information relating to the Council Tax freeze is provided in the Appendix at the end of this report.
- 13.2.** A [subsequent statement on behalf of Council Leaders](#) expressed a clear view that the announcement was a “serious breach” of the Verity House Agreement, undermining its “spirit and letter”, and that individual Councils should be left to set the level of Council Tax independently.
- 13.3.** [Statement welcoming acceptance of the latest pay offer](#) by GMB and Unite members. The latest offer represents a pay rise of around £2,000 for the lowest-paid staff, and a 5.5% increase for others. However, at the time of writing, strikes were still due to go ahead in some councils (including Glasgow and Edinburgh) on 1 and 8 November, after members of the largest council union, Unison, voted to reject the deal. The industrial action involves non-teaching staff including catering, cleaning, pupil support, administration and janitorial workers in schools and early years centres.
- 13.4.** [Statement on the Health and Social Care Winter Preparedness Plan](#), emphasising the vital role of local authorities in ensuring people and communities are safe and cared for, the importance of the integration of health and social care, and the clear leadership role of Local Government in maximising capacity. COSLA expects the winter period to be challenging across the whole health and social care system at a time when that system is experiencing significant demand and staffing pressures.

Improvement Service

14. In October, the Improvement Service published the following “insight articles”:

- 14.1.** [“Arts, Culture and Councils: How to Collaborate on Climate Action”](#) - This article discusses how local authorities and the arts/culture sector can collaborate to address climate change. Arts organisations can provide creative approaches to engage different audiences and be trusted messengers to reach groups not typically involved in climate action, creating accessible spaces for conversation and helping to find innovative solutions to complex problems.
- 14.2.** [“What are your ambitions for the planning system?”](#) - Craig McLaren, Scotland’s new National Planning Improvement Champion, is calling for views on what a high-performing planning system looks like. He believes successful planning enables the delivery of sustainable, liveable and productive places through efficient services and constructive user engagement. He wishes to hear a range of views on what good performance means, to be submitted by 30 November, and poses three questions:
- What outcomes should the planning system deliver?
 - What makes a high performing authority?
 - How can this be measured?

UK local government

15. The Local Government Association (LGA) has warned that [persistent high inflation and rising service demand](#) have added another £1 billion to council funding pressures over the next two years, in just three months. English councils are set for a budget gap of £4 billion by March 2025 just to keep services at current levels, the LGA said. It added that current reliance on council tax increases and reserves to fill gaps is unsustainable, while some authorities have warned that extra costs are threatening their financial stability.

16. Continued budget pressures and likely Welsh Government funding cuts could leave councils in Wales with a gap of £350m in 2024-25 and £750 million by 2027-28, according to [analysis from Cardiff University's Wales Governance Centre](#). Welsh councils used £137 million of reserves last year and will draw down a further £193 million this year to help meet overspends, which the researchers said shows that finances are on an “unsustainable path”.

17. Only five of 467 local government bodies in England had audit opinions on their 2022-23 accounts published by the 30 September deadline, and more than 900 local authority audit opinions are outstanding, according to [figures from Public Sector Audit Appointments](#). Audit timeliness has slumped since 2017-18, with fewer authorities receiving fully audited statements of accounts on time; just 9% of opinions on 2020-21 accounts were published by the deadline.

18. The [TaxPayers' Alliance published similar analysis](#) covering the whole of the UK, showing that just 31 councils in Britain had released audited accounts for 2022-23, and 97 had failed to publish any accounts for that year. It highlighted that Woking and Birmingham – both of which have issued section 114 notices – had not published accounts for the last 2 years, and that only 6 Scottish councils had published audited accounts for 2022-23 by the 30 September deadline.

19. The UK Government announced that 55 towns across the UK – including seven in Scotland – will receive [£20 million of funding each](#) over the next decade to improve transport, reduce crime and encourage high street regeneration. Areas will set up town boards, consisting of local businesses, councils and MPs, to develop long-term investment plans. Clydebank, Coatbridge, Dumfries, Elgin, Greenock, Irvine and Kilmarnock are among the towns that will receive funding.

Scottish Parliamentary committees

20. During October, Parliamentary committee business was as follows.

Local Government, Housing and Planning (LGHP) Committee

21. The [LGHP Committee](#) took evidence on:

- Reinforced Autoclaved Aerated Concrete (RAAC)
- Visitor Levy (Scotland) Bill

22. The Committee also considered its draft letter on Pre-Budget Scrutiny, and its approach to scrutiny of the New Deal. It also published a [report tracking its work in 2022-23](#).

Public Audit Committee

23. The [Public Audit Committee](#) took evidence on:

- Early learning and childcare: Progress on delivery of the 1,140 hours expansion
- Scotland's colleges 2023

Finance and Public Administration (FPA) Committee

24. The [FPA Committee](#) took evidence on:

- The sustainability of Scotland's finances
- Circular Economy (Scotland) Bill: Financial Memorandum

Other Committees

25. The [Constitution, Europe, External Affairs and Culture Committee](#) took evidence on Pre-Budget Scrutiny 2024-25.

26. The [Criminal Justice Committee](#) took evidence on the Victims, Witnesses, and Justice Reform (Scotland) Bill.

27. The [Economy and Fair Work Committee](#) took evidence on Pre-Budget Scrutiny 2024-25.

28. The [Education, Children and Young People Committee](#) took evidence on the children (Care and Justice) (Scotland) Bill, and published its Stage 1 report on the Disabled Children and Young People (Transitions to Adulthood) (Scotland) Bill.

29. The [Equalities, Human Rights and Civil Justice Committee](#) took evidence on Pre-Budget Scrutiny 2024-25 and the United Nations Convention on the Rights of the Child (Incorporation) (Scotland) Bill, and published the report of its inquiry into the Human rights of asylum seekers in Scotland.

30. The [Health, Social Care and Sport \(HSCS\) Committee](#) took evidence on the National Care Service (Scotland) Bill and Pre-Budget Scrutiny 2024-25. It also published the report of its inquiry into Female participation in sport and physical activity, and considered the following:

30.1. Its draft letter on Pre-Budget Scrutiny 2024-25

30.2. Its approach to Post-legislative scrutiny of the Social Care (Self-directed Support) (Scotland) Act 2013

30.3. Its inquiry into Healthcare in remote and rural areas.

31. The [Net Zero, Energy and Transport Committee](#) took evidence on the Circular Economy (Scotland) Bill and Environmental regulation.

32. The [Social Justice and Social Security Committee](#) took evidence on, and later considered its draft report on, Pre-Budget Scrutiny 2024-25.

Other publications and updates

SPICe

33. In October, the [Scottish Parliament Information Centre \(SPICe\)](#) published blog posts on:

- [How is Scotland Performing?](#) (National Performance Framework)
- [Displaced people from Ukraine in Scotland](#) ("What is the long-term plan?")

- [UK Government net zero policy changes and what they mean for Scotland](#)
- [The New Build Heat Standard](#)
- [Life Expectancy in Scotland](#)
- [Cost Crisis](#) (sources of information and support for responding to enquiries)

Care Inspectorate

34. The Care Inspectorate issued the following publications in October:

- 34.1.** An updated version of "[Safer Recruitment Through Better Recruitment](#)" which aims to help social care, early learning and childcare and social work employers to meet legislative and regulatory requirements for the recruitment and selection of staff.
- 34.2.** "[Report of a joint inspection of services for children and young people at risk of harm in North Lanarkshire community planning partnership](#)" which evaluated the impact of services as very good. The report noted that the work of partners was making a positive difference to the lives of children and young people at risk of harm.
- 34.3.** A "[Children's rights report](#)" which must be published every three years to show what steps have been taken to put the United Nations Convention on the Rights of the Child (UNCRC) into practice. This report covers progress during the period 1 April 2020 to 31 March 2023 and looks ahead to next steps for 2023-2026.

Updates on previous queries

- 35.** At the September meeting, it was agreed that the Commission should discuss further how it is represented at the Public Audit Committee, and who should attend, in relation to joint reports with the Auditor General. New internal operational guidance is being produced for Audit Scotland staff in relation to Parliamentary and media engagement for joint reports; the Interim Chair, Christine Lester, and I have provided input to this guidance. Learning from previous joint reports will be put into practice for the upcoming performance audit on Digital Exclusion.
- 36.** Also at the September meeting, members were advised that the draft response to the 'Democracy Matters' consultation would be shared via correspondence; the draft was emailed to members on 27 October 2023, inviting their views by 17 November. Meanwhile, it was agreed that the Commission should respond to the Health, Social Care and Sport Committee's call for views on Healthcare in Remote and Rural Areas. Unfortunately due to time constraints (the deadline was only a week after the Commission meeting) it was not possible to submit a response to this in time, but the Committee's inquiry is ongoing and we will seek opportunities to contribute to it where possible.

Consultations

37. The following consultations or calls for views were opened this month.

- 37.1.** [Scottish Social Services Council – proposed register changes](#) (*Scottish Government consultation; closing date: 02 January 2024*)

The SSSC registers over 160,000 social work, social care and early years workers, setting standards for their practice, conduct, training and education. The consultation aims to build a sustainable 'Register for the Future' by making sure the regulatory system is clear and transparent while raising the standards of practice in the sector. Changes would include: simplifying and streamlining the Register; making it easier for people to move themselves from one part of the Register to another; requiring employees to apply for registration within three months of starting a new role and be registered within six months; and providing more information via the public Register, such as specialist qualifications and information relating to fitness to practise.

37.2. [Building standards enforcement and sanctions](#) (*Scottish Government consultation; closing date: 15 January 2024*)

This consultation proposes changes to building and fire safety regulatory frameworks that would strengthen enforcement and sanctions for violation of building standards regulations. This includes increased fines, easier issuance of stop notices, expanded demolition powers for local authorities and more. The goal is to enhance enforcement tools to encourage adherence to building codes and improve safety and quality aiming to make enforcement more robust and boost compliance.

37.3. [Agriculture and Rural Communities \(Scotland\) Bill](#) (*Rural Affairs and Islands Committee call for views; closing date: 24 November 2023*)

This Bill would make changes to the law in a number of ways, including: requiring the Scottish Government to develop a five-year rural support plan to deliver the key objectives of high-quality food production, climate mitigation and adaptation, nature restoration and wider rural development; providing powers to provide financial and other support to farmers and crofters to achieve those key objectives; and providing powers to amend the current EU common agriculture policy rules in Scotland.

38. The Commission is invited to:

- Provide any views on whether and how the Commission should respond to any of the above consultations, and
- Ask the Executive Director of Performance Audit and Best Value to consider and draft responses as appropriate, taking into account any views expressed by members

Appendix: Council Tax freeze background information

What was said

In his speech to the SNP conference on 17 October, First Minister Humza Yousaf announced:

“We have consulted on what level the council tax should be next year. And conference, we have reached our decision. I can announce to the people of Scotland that, next year, your council tax will be frozen.”

The next day, COSLA confirmed that “there is absolutely no agreement to freeze Council Tax next year” and that there had been no discussion with local government leaders prior to the announcement, which COSLA believes undermines the Verity House Agreement (VHA).

Speaking in Parliament on 24 October, Deputy First Minister and Cabinet Secretary for Finance, Shona Robison, reiterated that the Council Tax freeze will be “fully funded”, the cost of which will be subject to negotiation with COSLA as part of the 2024-25 budget process.

Estimated costs

Analysis by the [Fraser of Allander Institute](#) estimated that the freeze will cost £148m in 2024-25. This was based on an assumption that councils would have followed the increases from the previous year, and also factors in expected growth in the number of properties.

Meanwhile, [IPPR Scotland](#) made a “conservative calculation” that funding the freeze would cost £100m in 2024-25. This was based on a 5% increase in Council Tax across all areas, and also accounts for households receiving Council Tax Reduction.

The Commission's position

As a matter of course, the Commission does not take a position on Scottish Government policy announcements.

The Commission has commented previously on issues relating to ring-fencing of funding and flexibility for local authorities. However, the VHA is an agreement between the Scottish Government and local government, and this – and the manner in which the policy will be fully funded – are matters for those parties to work through.

It may be that the financial implications do not become clear until at least the time of the publication of the Scottish Budget on 19 December.